

# Sebi proposes pre-listing trading for public offers

FE BUREAU  
Mumbai, January 21

**IN A BID** to curb grey market activity, the Securities and Exchange Board of India (Sebi) is working on a regulated trading mechanism that would enable investors to sell shares once they are allotted in an initial public offering (IPO), chairperson Madhabi Puri Buch said on Tuesday.

Buch said discussions are on with two stock exchanges to put in place the 'when listed' facility. These 'when listed' securities will be available for trading in the three days post the closure of an IPO and prior to their listing on the exchanges.

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**MADHABI PURI BUCH,**  
CHAIRPERSON, SEBI

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**If you got an allotment and want to sell your right, sell it in the organised market**

Convention 2024-25.

The Sebi chief believes the pre-listing grey market transactions are not suitable.

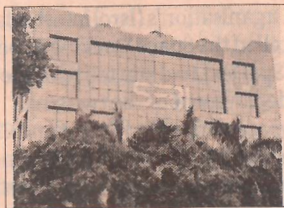
"We feel that if investors want to do that, why not give them that opportunity in a proper, regulated way," she added. Buch explained that as soon as the allotment is over, the entitlement to that share gets crystallised and therefore, the allottee should have the

right to sell that entitlement.

A record ₹1.6 trillion was raised by 91 companies via IPOs in 2024, according to data from Prime Database. Many of these attracted very high subscriptions and together with the enormous listing gains for most IPOs, have encouraged grey market activity.

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AT THE SAME time, Buch observed several companies had misused the funds raised via IPOs, saying the misuse had been 'grievous'. The regulator is working to improve corporate governance-related regulations over the next two to three years, she said. Making a case for greater accountability by the managers of an IPO, Buch said investment bankers know when they're bringing a pump-and-dump company into the capital market, and they don't need to be told by the regulator on what needs to be done.

In this context, the Sebi chief announced that the top two proxy advisory firms are on the verge of launching a portal which will be a repository of related party transactions (RPT). This would be useful resource for stakeholders assessing the governance standards of companies.

"It will be a step towards the democratisation of information on RPTs," she said. Proxy firms play an important role in the market, the Sebi chairperson observed, attributing their success to the reliance on the subscriber-pay model rather than one in which the issuers make the payment.